

DAVID A. ROBERTI

ATTORNEY AT LAW

3325 WILSHIRE BOULEVARD, SUITE 708
LOS ANGELES, CALIFORNIA 90010
TEL (213) 381-9902 | FAX (213) 381-9233
DAVIDAROBERTI@GMAIL.COM

August 21, 2012

Honorable Governor Jerry Brown
c/o State Capitol, Suite 1173
Sacramento, California 95814

Subject: Plasco Energy and the Salinas Valley Solid Waste Authority (SVSWA)

Dear Governor Brown:

Your administration stands on the threshold of a national embarrassment if nothing is done by the end of this week to provide Plasco Energy with the confidence to resume work on its municipal waste-to-renewable energy project for the Salinas Valley Solid Waste Authority (SVSWA).

As you know, in May of this year, the Director of CalRecycle issued a letter rescinding its legal opinion of November 2010 that the Plasco/Salinas Valley gasification project is a qualifying renewable energy project in the State of California, an opinion on which the California Energy Commission relied in issuing a Renewable Portfolio Standard certification. These rulings were critical to the financial viability of Plasco's municipal waste-to-renewable energy project.

This rescission came after Plasco, a Canadian company, and the SVSWA, had, in good faith, made a significant financial commitment over 18 months to comply with CEQA and other permitting requirements in costly detrimental reliance upon what they understood to be a formal opinion by the State of California. These costs are real, affecting the business and administrative decisions that companies and local governments have to make in setting their budgets.

The action by CalRecycle followed a pattern of more than seven years, during which some members of our party have consistently blocked legislation to correct scientifically inaccurate definitions in statute and other provisions that would give this industry confidence to operate in the state.

As a result of these lingering uncertainties, California's biobased technology providers have already moved out of California or sited in other states advanced renewable energy projects amounting to approximately \$1 billion in capital investment.

CalRecycle's May rescission notice resounded among those communities that are seeking alternatives to landfilling in the state, and throughout the emerging multi-billion dollar alternative energy, advanced biofuels and biobased chemicals industries.

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In an attempt to correct what was an affront, not only to Plasco, but to the entire industry, as well, your administration, in a widely publicized letter, committed that it would be "supportive of legislation during the current session to allow Plasco's project to proceed on a pilot basis and be considered an eligible renewable energy resource under state law." This commitment, we understand, was made in consultation with, and under an agreement with, representatives of Senator Steinberg, the President Pro Tem.

However, since June 1st, when Nancy McFadden signed the letter with the added note that "We can make this work," nothing has been done to advance this corrective legislation, and we now face the prospect that Plasco Energy may withdraw from its Salinas project if no action is taken by the end of this week.

Should this occur, it will once again be a signal to this rapidly advancing industry that the State of California does not want its business, that it is unreceptive and unresponsive to the potential for recovering advanced biofuels, biobased chemicals, power and other products from the 30 million tons of municipal waste that are placed in the state's landfills each year, and that accommodating a small number of environmental dogmatists is more important to the state than jobs, a cleaner environment, an improved economy and energy independence—and this at a time when you are asking the citizens of California to support higher taxes.

Governor, the hour has come for you to step in, and to provide Plasco Energy and the Salinas Valley Solid Waste Authority with the corrective legislation they have been promised. Otherwise we would be giving credence to what our traditional opponents say about us. We can talk a good game, but when push comes to shove, we abandon both business and local government, even in light of the enormous expenditures required to establish a business in California, in this case, a burden taken on in good faith trusting the promises made to them by the State two years ago.

Sincerely,



David A. Roberti

President,
BioEnergy Producers Association

cc: Hon. John Laird, Secretary, Resources Agency
Julia Levin, Deputy Secretary for Climate Change, Resources Agency
Cliff Rechtschaffen, Office of Governor Jerry Brown
Ken Alex, Office of Governor Jerry Brown
Gareth Elliott, Legislative Affairs Secretary
Caroll Mortensen, Director, CalRecycle